

PREVAILED

Roll Call No. \_\_\_\_\_

FAILED

Ayes \_\_\_\_\_

WITHDRAWN

Noes \_\_\_\_\_

RULED OUT OF ORDER

## HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Bill 1868 be amended to read as follows:

- 1 Page 6, between lines 2 and 3, begin a new paragraph and insert:
- 2 "SECTION 5. IC 6-3-1-3.5 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]:
- 4 Sec. 3.5. When used in IC 6-3, the term "adjusted gross income" shall
- 5 mean the following:
- 6 (a) In the case of all individuals, "adjusted gross income" (as
- 7 defined in Section 62 of the Internal Revenue Code), modified as
- 8 follows:
- 9 (1) Subtract income that is exempt from taxation under IC 6-3 by
- 10 the Constitution and statutes of the United States.
- 11 (2) Add an amount equal to any deduction or deductions allowed
- 12 or allowable pursuant to Section 62 of the Internal Revenue
- 13 Code for taxes based on or measured by income and levied at the
- 14 state level by any state of the United States or for taxes on
- 15 property levied by any subdivision of any state of the United
- 16 States.
- 17 (3) Subtract ~~one~~ the following:
- 18 (1) For taxable years beginning after December 31,
- 19 1998, and before January 1, 2000, two thousand five
- 20 thousand hundred dollars (~~\$1,000~~); (\$2,500), or in the case
- 21 of a joint return filed by a husband and wife, subtract for
- 22 each spouse ~~one~~ two thousand five thousand hundred
- 23 dollars (~~\$1,000~~); (\$2,500).
- 24 (2) For taxable years beginning after December 31,

**1999, and before January 1, 2001, four thousand dollars (\$4,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse four thousand dollars (\$4,000).**

**(3) For taxable years beginning after December 31, 2000, five thousand dollars (\$5,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse five thousand dollars (\$5,000).**

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer, and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract five hundred dollars (\$500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996, and before January 1, 2001. This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code), if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Internal Revenue Code Section 111 as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples

- 1 filing joint returns if the taxable year began before January 1,  
 2 1987.
- 3 (11) Add an amount equal to the interest excluded from federal  
 4 gross income by the individual for the taxable year under Section  
 5 128 of the Internal Revenue Code, if the taxable year began  
 6 before January 1, 1985.
- 7 (12) Subtract an amount equal to the amount of federal Social  
 8 Security and Railroad Retirement benefits included in a  
 9 taxpayer's federal gross income by Section 86 of the Internal  
 10 Revenue Code.
- 11 (13) In the case of a nonresident taxpayer or a resident taxpayer  
 12 residing in Indiana for a period of less than the taxpayer's entire  
 13 taxable year, the total amount of the deductions allowed pursuant  
 14 to subdivisions (3), (4), (5), and (6) shall be reduced to an  
 15 amount which bears the same ratio to the total as the taxpayer's  
 16 income taxable in Indiana bears to the taxpayer's total income.
- 17 (14) In the case of an individual who is a recipient of assistance  
 18 under IC 12-10-6-1, IC 12-10-6-2, IC 12-10-6-3, IC 12-15-2-2,  
 19 or IC 12-15-7, subtract an amount equal to that portion of the  
 20 individual's adjusted gross income with respect to which the  
 21 individual is not allowed under federal law to retain an amount  
 22 to pay state and local income taxes.
- 23 (b) In the case of corporations, the same as "taxable income" (as  
 24 defined in Section 63 of the Internal Revenue Code) adjusted as  
 25 follows:
- 26 (1) Subtract income that is exempt from taxation under IC 6-3 by  
 27 the Constitution and statutes of the United States.
- 28 (2) Add an amount equal to any deduction or deductions allowed  
 29 or allowable pursuant to Section 170 of the Internal Revenue  
 30 Code.
- 31 (3) Add an amount equal to any deduction or deductions allowed  
 32 or allowable pursuant to Section 63 of the Internal Revenue  
 33 Code for taxes based on or measured by income and levied at the  
 34 state level by any state of the United States or for taxes on  
 35 property levied by any subdivision of any state of the United  
 36 States.
- 37 (4) Subtract an amount equal to the amount included in the  
 38 corporation's taxable income under Section 78 of the Internal  
 39 Revenue Code.
- 40 (c) In the case of trusts and estates, "taxable income" (as defined  
 41 for trusts and estates in Section 641(b) of the Internal Revenue Code)  
 42 reduced by income that is exempt from taxation under IC 6-3 by the  
 43 Constitution and statutes of the United States."
- 44 Page 72, between lines 22 and 23, begin a new paragraph and  
 45 insert:  
 46 "SECTION 105. [EFFECTIVE JANUARY 1, 1999

- 1 (RETROACTIVE)] **IC 6-3-1-3.5, as amended by this act, applies**
- 2 **only to taxable years beginning after December 31, 1998."**
- 3 Renumber all SECTIONS consecutively.  
(Reference is to HB 1868 as printed February 11, 1999.)

---

Representative Brown T